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Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly a letter dated 10 July 2009 from the Chairman of the Board of Auditors transmitting the report of the Board on implementation of its recommendations relating to the biennium 2006-2007, submitted in accordance with General Assembly resolution 52/212 B (see annex).

* A/64/50.

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Annex

Letter of transmittal

10 July 2009

I have the honour to transmit to you the report of the Board of Auditors on the status of implementation of its recommendations relating to the biennium 2006-2007, in accordance with paragraph 5 of General Assembly resolution 52/212 B of 27 April 1998.

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
Chairman, United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Report of the Board of Auditors on the implementation of its recommendations relating to the biennium 2006-2007 as at 31 March 2009

Summary

Mandate

The present report, up-to-date as at 31 March 2009, relates to the recommendations made by the Board of Auditors in its reports for the biennium 2006-2007 and approved by the General Assembly in paragraph 2 of its resolution 63/246 A. It reflects the status of recommendations which (a) have been implemented, (b) are under implementation, (c) have not been implemented or (d) have been overtaken by events.

Scope and methodology

The present report covers 15 organizations (for 2007, 14 organizations) on which the Board reports on a biennial basis to the General Assembly. The report does not cover activities on which the Board reports annually, or which are not reported to the General Assembly.

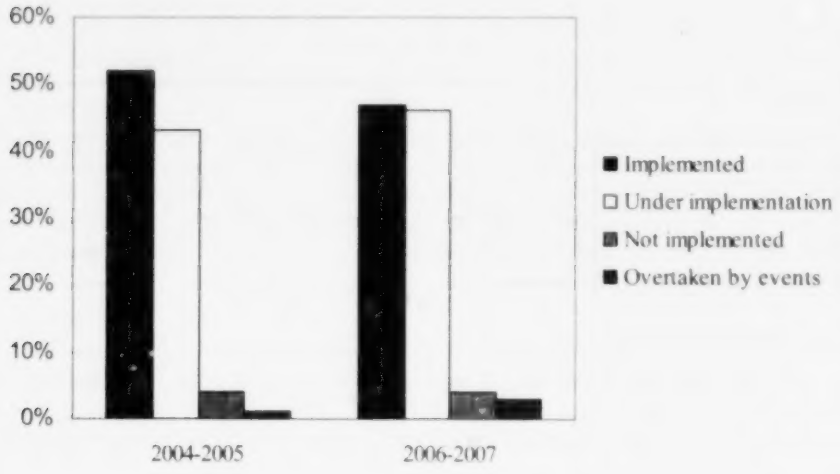
The Board validated the statistics supplied by the Administration of each entity on the status of implementation of the Board's recommendations in all cases in which it was possible to do so based on the Board's audit plans and when it proved cost-effective. In other cases, the data are still to be validated within the current audit cycle.

Overall observations

The number of recommendations made by the Board decreased from 651 to 507, or 22 per cent, compared to the preceding biennium. Despite the decrease, the rate of implementation of the recommendations as at 31 March 2009 has declined compared to the rate as at 31 March 2007. For example, in the category of implemented recommendations, the rate of implementation decreased from 52 per cent to 47 per cent.

As the Board's recommendations cover a wide variety of topics across many organizations (and the statistics vary significantly among them), no reason could be identified for the change in the overall rate of implementation; however, the Board has commented in section III on individual organizations, where possible. The decline is illustrated by the following figure:

Comparison of the overall status of implementation of the recommendations of the Board for the biennium 2006-2007 as at 31 March 2009 and for the biennium 2004-2005 as at 31 March 2007



The reasons for the lack of full implementation of the recommendations varied, depending on the organization; however, the Board identified some common elements, as follows:

(a) Lack at some organizations of a dedicated follow-up mechanism to focus the attention of senior management on the steps necessary to ensure full implementation of the Board's recommendations, as approved by the General Assembly;

(b) Lack of sufficient inter-agency coordination in the implementation of recommendations that pertain to more than one organization;

(c) Undertaking, in the areas of inter-agency coordination, information and communications technology and human resources management, of medium-term projects which take longer to implement;

(d) Pending implementation of the International Public Sector Accounting Standards;

(e) Entities sometimes addressing recommendations in a symptomatic manner rather than implementing steps that could address the reported issues transversally;

(f) Entities focusing mostly on the main recommendations of the Board as highlighted in the individual reports and focusing less on the Board's other recommendations.

The adoption by the United Nations of the International Public Sector Accounting Standards was approved by the General Assembly in section IV of its resolution 60/283. The most recent assessment by the Board is that most of the organizations that it audits will not fully implement the Standards by the planned implementation date of 1 January 2010. In this regard, the Board emphasizes the need for effective monitoring of the project timelines and deliverables to ensure full implementation by the newly decided deadlines.

The Board identified good practices in relation to the implementation and follow-up of its recommendations. These include:

(a) Identification and monitoring of a list of priority auditing issues (provided that this does not result in a lack of attention to the Board's other recommendations);

(b) Validation by internal auditors and related tracking by some audit committees of management's assessment of the status of implementation of the Board's recommendations;

(c) Identification of the causes of recurring audit observations and development of appropriate action plans to address them;

(d) Establishment of time frames and completion standards for the implementation of recommendations.

The mandate, scope and methodology for the present report are set out in the introduction. The overall observations of the Board are contained in section II and information on the status of implementation of its recommendations is provided by entity in section III. Comparative statistics for the previous biennium are provided in the appendix.

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I. Introduction

A. Mandate

1. In its resolution 52/212 B, the General Assembly emphasized that primary managerial responsibility and accountability for the implementation of the recommendations of the Board should remain with department heads and programme managers. In the same resolution, the Assembly endorsed the proposals of the Board (see A/52/753) for improving the implementation of the recommendations approved by the Assembly, subject to the provision contained in the resolution.

2. The present report, up-to-date as at 31 March 2009, relates to recommendations made by the Board in its reports for the biennium 2006-2007 and approved by the General Assembly in paragraph 2 of its resolution 63/246 A. It reflects the status of recommendations which (a) have been implemented, (b) are under implementation, (c) have not been implemented or (d) have been overtaken by events.

B. Scope and methodology

3. The present report covers 15 organizations (for 2007, 14 organizations) on which the Board reports on a biennial basis. Information and activities and organizations on which the Board reports annually (i.e., United Nations peacekeeping operations, the capital master plan and Office of the United Nations High Commissioner for Refugees) is not included in the present report but appears, as in previous years, in an annex to the respective reports of the Board to the General Assembly. Similarly, activities on which reports are not submitted to the General Assembly (i.e., United Nations escrow (Iraq) accounts, United Nations Compensation Commission, United Nations Framework Convention on Climate Change, United Nations Convention to Combat Desertification and others) are not covered in the present report.

4. The Board requested that the 15 organizations covered in the present report provide it with the status of implementation of recommendations contained in its reports on the 2006-2007 accounts, as at 31 March 2009. Whenever audit teams were present at Headquarters between 31 March 2009 and 31 May 2009 for planning missions or substantive audits, they validated the data submitted. In most other cases, the Board determined that it would not be cost-effective to dedicate specific teams to the review and validation of the data provided but that the review would be undertaken in time for inclusion in the relevant reports to the General Assembly on the 2008-2009 financial statements. Given the high number of recommendations involved in the case of the United Nations Secretariat, dedicated teams were sent to United Nations Headquarters and the United Nations Office at Geneva.

5. The validation process consisted of a desk review and requests for supporting documents to back up the assessment provided by each Administration. For the purpose of the present report, the Board's assessment of field operations did not involve on-site visits. Whenever the evidence provided did not support the Administration's assessment, the Board reflected its own assessment in the validated

data contained in the present report. In cases in which no teams were scheduled to conduct the review or in which further audit procedures were needed to reach satisfactory conclusions, the data are shown as not validated. In cases in which the Board validated a selection of recommendations, the data are shown as partially validated.

6. Table 1 reflects the status of the validation process for each entity. In all cases, the status of implementation of some recommendations could only be determined by means of substantive procedures which will be performed during the audit of the 2008-2009 financial statements.

Table 1

Scope of the validation by the Board of Auditors of the status of implementation of the recommendations contained in its reports for the biennium 2006-2007

Organization	*Number of recommendations*	*Status*
United Nations Secretariat	70	Validated
International Trade Centre UNCTAD/WTO	4	Validated
United Nations University	21	Validated
United Nations Development Programme	82	Partially validated
United Nations Children's Fund	42	Validated
United Nations Relief and Works Agency for Palestine Refugees in the Near East	31	Validated
United Nations Institute for Training and Research	12	Validated
United Nations Environment Programme	11	Validated
United Nations Population Fund	60	Partially validated
United Nations Human Settlements Programme	18	Validated
United Nations Office on Drugs and Crime	19	Validated
International Criminal Tribunal for Rwanda	8	Not validated
International Tribunal for the Former Yugoslavia	7	Validated
United Nations Joint Staff Pension Fund	27	Validated
United Nations Office for Project Services	95	Partially validated

II. Status of implementation of the recommendations of the Board: overall observations

7. The number of recommendations made by the Board, excluding those made in regard to the United Nations Office for Project Services, decreased from 651 to 507, or 22 per cent compared to the previous biennium (see table 2). The number of recommendations issued is influenced by both management and audit-related issues, the latter of which varied over time. The reduction in the number of recommendations is therefore not necessarily a reflection of improved management of the organizations audited or a reflection of any significant change in the control environment.

Table 2
Number of recommendations issued by the Board of Auditors for the bienniums 1999-2000 to 2006-2007

	Number of recommendations					Percentage decrease (2004-2005 to 2006-2007)
	1998-1999	2000-2001	2002-2003	2004-2005	2006-2007	
Total	**208**	**335**	**509**	**651**[a]	**507**	**22**

[a] Recommendations made in relation to the United Nations Office for Project Services, which were reflected in data for previous bienniums, are excluded owing to the fact that, at the time of preparing the 2004-2005 status of recommendations, the audit had not been completed and thus the status of the recommendations could not be determined.

8. Despite the decrease in their number, the rate of implementation of the recommendations as at 31 March 2009 declined compared to the rate as at 31 March 2007. For example, in the category of implemented recommendations, the rate of implementation decreased from 52 per cent to 47 per cent.

9. As the Board's recommendations cover a wide variety of topics across many organizations (and the statistics vary significantly among organizations), no reason could be identified for the change in the overall rate of implementation. Where possible, the Board has commented on individual organizations (see sect. III).

10. The status of implementation of the Board's recommendations by individual organization is set out in table 3 and figure I. The corresponding data as at 31 March 2007, extracted from the previous report of the Board (A/62/120, annex) is reproduced in the appendix to the present report.

Table 3
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007 as at 31 March 2009

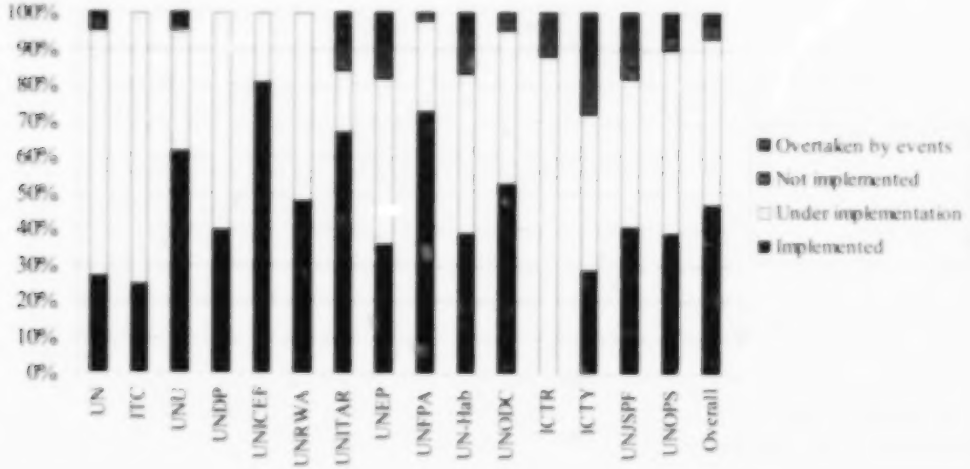
Organization	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
United Nations Secretariat	70	19	27	47	68	3	4	1	1
International Trade Centre UNCTAD/WTO	4	1	25	3	75	—	—	—	—
United Nations University	21	13	62	7	33	—	—	1	5
United Nations Development Programme	82	33	40	49	60	—	—	—	—
United Nations Children's Fund	42	34	81	8	19	—	—	—	—
United Nations Relief and Works Agency for Palestine Refugees in the Near East	31	15	48	16	52	—	—	—	—
United Nations Institute for Training and Research	12	8	67	2	17	1	8	1	8
United Nations Environment Programme	11	4	36	5	46	1	9	1	9

Organization	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
United Nations Population Fund	60	44	73	15	25	1	2	—	—
United Nations Human Settlements Programme	18	7	39	8	44	2	11	1	6
United Nations Office on Drugs and Crime	19	10	53	8	42	1	5	—	—
International Criminal Tribunal for Rwanda	8	—	—	7	88	1	12	—	—
International Tribunal for the Former Yugoslavia	7	2	29	3	43	1	14	1	14
United Nations Joint Staff Pension Fund	27	11	41	11	41	4	14	1	4
United Nations Office for Project Services	95	37	39	48	51	4	4	6	6
Total	**587**	**238**	**47**	**237**	**46**	**19**	**4**	**13**	**3**
2004-2005 (percentage)[b]	651	342	52	276	43	28	4	5	1
2002-2003 (percentage)[b]	509	235	46	230	45	44	9	—	—

[a] Excludes 43 recommendations made in regard to United Nations Office for Project Services. Data extracted from A/62/120, annex.

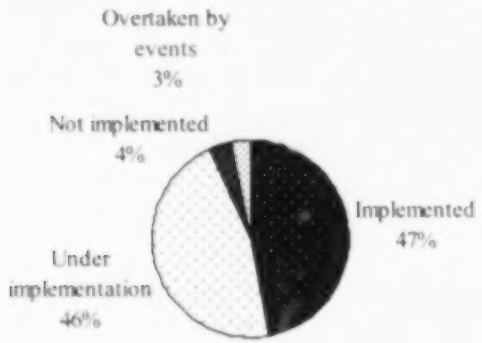
[b] This line shows the status of implementation of the recommendations of the Board for the biennium 2002-2003 as at 31 May 2005 (data extracted from A/60/113, annex). It provides an indication of the relative pace of implementation of the Board's recommendations over three successive bienniums.

Figure I
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007 as at 31 March 2009, by entity



11. In paragraph 2 of its resolution 63/246, the General Assembly approved the recommendations made by the Board in regard to the 2006-2007 accounts, reflected above in table 3. The Board noted that 4 per cent of those recommendations had not been implemented as at 31 March 2009 (see fig. II).

Figure II
Overall status of implementation of the recommendations of the Board for the biennium 2006-2007 as at 31 March 2009



12. The reasons for the lack of full implementation of the recommendations varied, depending on the organization. However, the Board identified some common elements, as follows:

(a) Lack at some organizations of a dedicated follow-up mechanism to focus the attention of senior management on the steps necessary to ensure full implementation of the Board's recommendations, as approved by the General Assembly;

(b) Lack of sufficient inter-agency coordination in the implementation of recommendations that pertain to more than one organization;

(c) Undertaking, in the areas of inter-agency coordination, information and communications technology and human resources management, of medium-term projects which take longer to implement;

(d) Pending implementation of the International Public Sector Accounting Standards;

(e) Entities sometimes addressing recommendations in a symptomatic manner rather than implementing steps that could address the reported issues transversally;

(f) Entities focusing mostly on the main recommendations of the Board as highlighted in the individual reports and focusing less on the Board's other recommendations.

13. The adoption by the United Nations of the International Public Sector Accounting Standards was approved by the General Assembly in section IV of its resolution 60/283. The most recent assessment by the Board is that most of the organizations that it audits will not fully implement the Standards by the planned implementation date of 1 January 2010. In this regard, the Board emphasizes the need for effective monitoring of the project timelines and deliverables to ensure full implementation by the newly decided deadlines.

14. Other activities, such as human resources reform, implementation of the recommendations of the High-level Panel on United Nations System-wide Coherence and the enterprise resource planning project, will take some time to come to fruition. The Board will keep those matters under review to ensure that the implementation of its recommendations is not unreasonably delayed.

15. The Board identified good practices in relation to the implementation and follow-up of its recommendations. These include:

(a) Identification and monitoring of a list of priority auditing issues (provided that this does not result in a lack of attention to other binding recommendations);

(b) Validation by internal auditors and related tracking by some audit committees of management's assessment of the status of implementation of the Board's recommendations;

(c) Identification of the causes of recurring audit observations and development of appropriate action plans to address them;

(d) Establishment of time frames and completion standards for the implementation of recommendations.

III. Status of implementation of the recommendations of the Board, by entity

A. United Nations

16. Of the 70 recommendations made by the Board with respect to the accounts of the United Nations for the biennium 2006-2007[1] (for 2004-2005, 176 recommendations), the United Nations had implemented 19 (27 per cent), 47 (68 per cent) were under implementation, 3 (4 per cent) had not been implemented and 1 (1 per cent) was overtaken by events, as shown in figure III and table 4. Of the 70 recommendations, 3 were addressed to the International Civil Service Commission which does not fall under the purview of the Secretariat; 1 of those recommendations was implemented while the other 2 were under implementation. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

[1] See *Official Records of the General Assembly, Sixty-third Session, Supplement No. 5* (A/63/5), vol. I, chap. II.

Figure III
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations

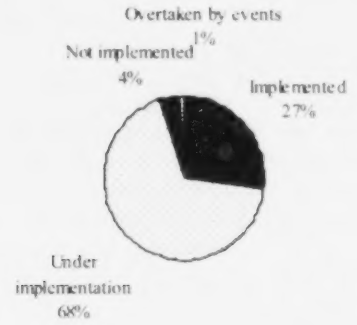


Table 4
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Presentation and disclosure of financial statements	1	—	—	1	100	—	—	—	—
Statement of income and expenditure	4	1	25	3	75	—	—	—	—
Statements of assets, liabilities, reserves and fund balances	2	—	—	2	100	—	—	—	—
Statement of cash flows	1	—	—	1	100	—	—	—	—
Statement of appropriations	1	—	—	1	100	—	—	—	—
Technical cooperation activities	1	1	100	—	—	—	—	—	—
United Nations Fund for International Partnerships	3	1	33	2	67	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Enterprise resource planning system	1	—	—	1	100	—	—	—	—
Procurement and contract management	10	6	60	4	40	—	—	—	—
Non-expendable property	3	—	—	3	100	—	—	—	—
Buildings and space management	11	—	—	11	100	—	—	—	—
Human resources management	11	5	46	4	36	2	18	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Consultants, experts and temporary staff	4	1	25	2	50	—	—	1	25
Information and communications technology	6	2	33	4	67	—	—	—	—
Internal audit	2	2	100	—	—	—	—	—	—
Archives management	1	—	—	1	100	—	—	—	—
Inter-agency coordination	4	—	—	3	75	1	25	—	—
Ex gratia payments	1	—	—	1	100	—	—	—	—
Cases of fraud and presumptive fraud	2	—	—	2	100	—	—	—	—
Total	**70**	**19**	**27**	**47**	**68**	**3**	**4**	**1**	**1**
2004-2005	176	79	45	95	54	—	—	2	1

17. Table 4 reflects a large drop in the observed rate of implementation of recommendations that were fully implemented. This is partly offset by the improvement noted in the category of recommendations under implementation. However, also noted was a significant drop, from 176 recommendations made for the biennium 2004-2005 to 70 recommendations made for the biennium 2006-2007. In addition, 25 of the 47 recommendations (or 53 per cent) considered by the Board to be under implementation had a target date for implementation later than the reporting date for the present report of 31 March 2009.

18. As shown in table 4, two areas showed evidence of a relatively low implementation rate: consultants, experts and temporary staff, and information and communications technology.

19. The Board noted an improvement in the rate of implementation of recommendations concerning human resources (45 per cent of recommendations implemented compared to 8 per cent in the previous biennium) and procurement and contract management (60 per cent of recommendations implemented compared to 50 per cent in the previous biennium). This is indicative of the results of the reforms launched by the Secretariat in these areas.

20. There were 11 areas in which all recommendations were still under implementation, including presentation and disclosure of financial statements, and buildings and space management. Although progress has been made by the Administration in regard to most of the recommendations concerning financial statements in 2010, the Board is awaiting the submission of the statements for the 2008-2009 biennium to determine whether the recommendations have been fully implemented. Many of the actions to be taken in regard to space management are dependent upon the progress of the capital master plan.

21. There was a slow rate of implementation of recommendations relating to information and communications technology. This resulted from the Secretariat having not yet deployed its new information and communications technology

strategy, as proposed by the Secretary-General (see A/62/793 and Corr.1 and Add.1), since it had not been approved by the General Assembly.

22. The Administration recalled that the recommendations of the Board contained in paragraphs 61, 67 and 136 of its report for the biennium 2006-2007,[2] which were considered by the Board to be under implementation, required action by the General Assembly. These recommendations relate to the accounting treatment of uncollected assessed contributions, the funding strategy of end-of-service and post-retirement liabilities and implementation of the enterprise resource planning system. With regard to the latter recommendation, the General Assembly approved the governance framework of the enterprise resource planning project but provided the Administration with only part of the resources requested for its implementation, and requested the Secretary-General to propose an updated budget for the implementation of the revised enterprise resource planning project, with full and detailed justification for the resources needed.

23. Of the three recommendations not implemented, the Administration indicated that the recommendation contained in paragraph 364 of the above-mentioned report, whereby the United Nations Office at Vienna would identify its management costs and their breakdown between it and the United Nations Office on Drugs and Crime, had not been accepted since no cost-accounting system which allowed for such analysis had been developed. The Board is, nonetheless, of the view that this information is essential to the proper management of both structures.

24. In paragraph 308 of its report, the Board recommended that the Department of Economic and Social Affairs prepare a centralized roster for use by all divisions of the Department, which would contain information from each division and profiles of the consultants that the divisions might call upon. However, the Office of Human Resources Management has been developing a central roster of consultants to be used by all departments of the Secretariat. Accordingly, the Board considers this recommendation to be overtaken by events.

B. International Trade Centre UNCTAD/WTO

25. Of the four recommendations made by the Board with respect to the accounts of the International Trade Centre UNCTAD/WTO (ITC) for the biennium 2006-2007[3] (for 2004-2005, 13 recommendations), ITC had implemented one (25 per cent) and three (75 per cent) were under implementation. The status of implementation of the Board's recommendations presented in figure IV and table 5 was validated by the Board, as explained in section I.B. above.

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[2] Ibid.

[3] Ibid., vol. III, chap. II.

Figure IV
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: International Trade Centre UNCTAD/WTO

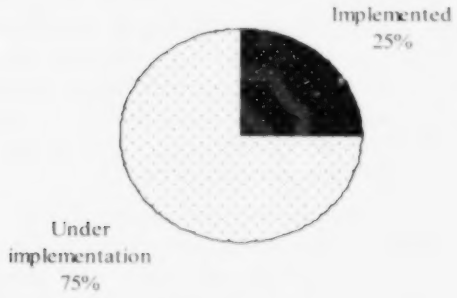


Table 5
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial overview	1	—	—	1	100	—	—	—	—
Statements of assets, liabilities, reserves and fund balances	1	—	—	1	100	—	—	—	—
Statement of cash flows	1	1	100	—	—	—	—	—	—
Asset management	1	—	—	1	100	—	—	—	—
Total	**4**	**1**	**25**	**3**	**75**	—	—	—	—
2004-2005	13	7	54	4	31	2	15	—	—

26. In 2007, the Board had noted that even though the recommendations were addressed to the United Nations, it was the responsibility of ITC to inquire about the status of their implementation and to report thereon to the Board. As no information was received in that biennium, the status of two recommendations remained as not implemented. In 2009, the Board notes the significant efforts made by ITC to follow up the previous recommendations and to improve its cooperation with the United Nations.

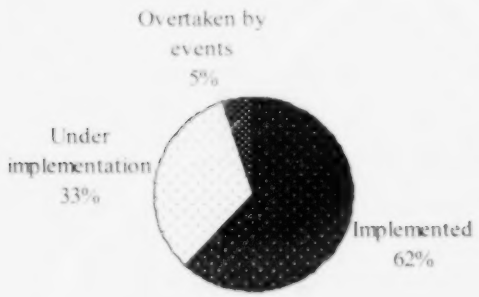
27. Three recommendations remain under implementation. For two of them, full implementation depended on external factors (i.e., a decision by the General Assembly on end-of-service liabilities, including after-service health insurance, and

improvement of the inventory database upon the implementation of the new enterprise resource planning system). The third recommendation, which concerned increasing the level of the operating reserve under technical cooperation trust funds from 7 to 15 per cent, was in the process of implementation and could only be validated when the biennial financial statements were next presented. The rate of increase in the operating reserve was also dependent on certain factors beyond the control of ITC, such as the exchange rate and interest rates.

C. United Nations University

28. Of the 21 recommendations made by the Board with respect to the accounts of the United Nations University (UNU) for the biennium 2006-2007[4] (for 2004-2005, 15 recommendations), UNU had implemented 13 (62 per cent), 7 (33 per cent) were under implementation and 1 (5 per cent) was overtaken by events. The status of implementation of the Board's recommendations presented in figure V and table 6 was validated by the Board, as explained in section I.B above.

Figure V
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations University



[4] Ibid, vol. IV, chap. II.

Table 6
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

		Implemented		*Under implementation*		*Not implemented*		*Overtaken by events*	
Area	*Number of recommendations*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statement balances	2	1	50	—	—	—	—	1	50
Statement of income and expenditure	1	1	100	—	—	—	—	—	—
Statements of assets, liabilities, reserves and fund balances	4	3	75	1	25	—	—	—	—
End-of-service liabilities, including after-service health insurance	1	—	—	1	100	—	—	—	—
Financial statement disclosure	1	1	100	—	—	—	—	—	—
Programme and project management	6	3	50	3	50	—	—	—	—
Procurement and contract management	4	4	100	—	—	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Internal audit function	1	—	—	1	100	—	—	—	—
Total	**21**	**13**	**62**	**7**	**33**	—	—	**1**	**5**
2004-2005	15	10	67	3	20	2	13	—	—

29. The Board noted that significant efforts had been made by UNU to implement its recommendations.

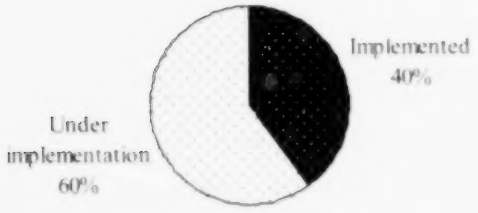
30. Seven recommendations remained under implementation. The implementation of two (relating to the implementation of the International Public Sector Accounting Standards and audit of the UNU Centre and selected research and training centres) depended on external factors. Two others concerned provision, for the programme budget for the 2008-2009 biennium, of an indication of the expected output of the activities of each subprogramme and project, and the maintenance of project files by the respective programme units at UNU headquarters and research and training centres. The three other recommendations will be considered in the course of preparing the budget for the 2010-2011 biennium.

31. The recommendation that UNU address the limitations of the Financial, Budgetary and Personnel Management System has been overtaken by events. The Atlas system, used by the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services, has been identified as the successor system and the transition to the new system is under way.

D. United Nations Development Programme

32. Of the 82 recommendations made by the Board with respect to the accounts of the United Nations Development Programme (UNDP) for the biennium 2006-2007[5] (for 2004-2005, 115 recommendations), UNDP had implemented 33 (40 per cent) and 49 (60 per cent) were under implementation, as shown in figure VI and table 7. The status of implementation of the recommendations were partially validated by the Board, as explained in section I.B above.

Figure VI
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Development Programme



33. As indicated in table 7, five areas showed evidence of a relatively low implementation rate: financial statement matters; treasury management, including bank and cash; human resources management; common services; and programme and project management. There are long-term action plans for certain recommendations in these categories, and so implementation of the recommendations may not occur immediately. Several other recommendations are linked to financial statement matters and can only be implemented and validated when such statements are prepared; they are therefore classified as not implemented. Table 7 indicates the four areas in which recommendations were fully implemented: general and related trust funds; results-based management; enterprise risk management; and implementation of the enterprise resource planning system.

[5] Ibid., *Supplement No. 5A* and corrigendum (A/63/5/Add.1 and Corr.1), chap. II.

Table 7

Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

		Implemented		*Under implementation*		*Not implemented*		*Overtaken by events*	
Area	*Number of recommendations*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statements matters	11	2	18	9	82	—	—	—	—
Capital assets and work in progress	1	—	—	1	100	—	—	—	—
General and related trust funds	2	2	100	—	—	—	—	—	—
End-of-service and post-retirement benefits	2	—	—	2	100	—	—	—	—
Progress made towards implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Results-based management	1	1	100	—	—	—	—	—	—
Treasury management, including bank and cash	5	1	20	4	80	—	—	—	—
Procurement and contract management	8	4	50	4	50	—	—	—	—
Asset management	5	3	60	2	40	—	—	—	—
Human resources management	5	—	—	5	100	—	—	—	—
Consultants, experts and temporary assistance	2	—	—	2	100	—	—	—	—
Information and communications technology	1	—	—	1	100	—	—	—	—
Inter-fund balances	4	2	50	2	50	—	—	—	—
Enterprise risk management	1	1	100	—	—	—	—	—	—
Enterprise resource planning	1	1	100	—	—	—	—	—	—
Cost recovery	4	2	50	2	50	—	—	—	—
Programme expenditure	6	5	83	1	17	—	—	—	—
Programme and project management	6	1	17	5	83	—	—	—	—
Multi-donor trust funds	7	6	86	1	14	—	—	—	—
Common services	5	—	—	5	100	—	—	—	—
Safety and security	1	—	—	1	100	—	—	—	—
United Nations Fund for Women	1	—	—	1	100	—	—	—	—
Internal oversight	2	2	100	—	—	—	—	—	—
Total	**82**	**33**	**40**	**49**	**60**	**—**	**—**	**—**	**—**
2004-2005	115	78	68	37	32	—	—	—	—

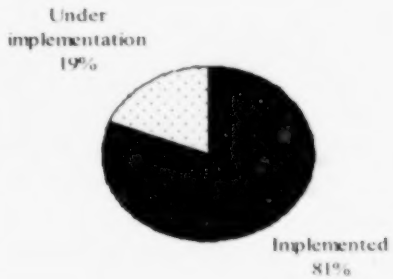
34. The Board noted a decrease in the rate of implementation of its recommendations, from 68 per cent in the biennium 2004-2005 to 40 per cent in the biennium 2006-2007. UNDP commented that it had implemented 40 per cent of all 82 recommendations as of April 2009, based on the implementation standard discussed with the Board. In order to address the Board's recommendations, UNDP has put in place target completion dates and a set of completion standards. These more stringent internal standards, as well as its management strategy to accelerate the implementation of key audit recommendations in the second half of 2009 in view of the significant work involved in recent preparations for the Atlas upgrade, may account for the lower implementation rate.

35. The established target completion date was met for all recommendations for which implementation was due by the first quarter of 2009. UNDP commented that it expected to be on target to implement the remaining recommendations in 2009. The Board has noted that the remaining 60 per cent of recommendations are to be implemented in the course of the biennium. This will require stringent monitoring to ensure that the established targets are achieved.

E. United Nations Children's Fund

36. Of the 42 recommendations made by the Board with respect to the accounts of the United Nations Children's Fund (UNICEF) for the biennium 2006-2007,[6] (for 2004-2005, 96 recommendations), UNICEF had implemented 34 (81 per cent) and 8 (19 per cent) were under implementation, as shown in figure VII and table 8. The status of implementation of the Board's recommendations presented below was supplied by the Administration and validated by the Board, as explained in section I.B above.

Figure VII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Children's Fund



[6] Ibid., *Supplement No. 5B* and corrigendum (A/63/5/Add.2 and Corr.1), chap. II.

Table 8
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Statement of income and expenditure	11	10	91	1	9	—	—	—	—
Statement of assets, liabilities, reserves and fund balances	8	7	88	1	12	—	—	—	—
End-of-service liabilities, including after-service health insurance	2	1	50	1	50	—	—	—	—
Financial statement disclosures	2	1	50	1	50	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	1	100	—	—	—	—	—	—
Procurement and contract management	2	1	50	1	50	—	—	—	—
Asset management	4	3	75	1	25	—	—	—	—
Human resources management	1	1	100	—	—	—	—	—	—
Information and communications technology	2	2	100	—	—	—	—	—	—
Programme and project management	4	3	75	1	25	—	—	—	—
Revenue-producing activities	3	2	67	1	33	—	—	—	—
Travel management	2	2	100	—	—	—	—	—	—
Total	**42**	**34**	**81**	**8**	**19**	**—**	**—**	**—**	**—**
2004-2005	96	46	48	50	52	—	—	—	—

37. Table 8 reflects a significant drop in the number of recommendations compared to 2004-2005 biennium. Although the rate of implementation is reflected as 81 per cent in the 2006-2007 biennium compared to 48 per cent in 2004-2005, the number of recommendations implemented was less. This might be due to the fact that some of the recommendations for the two bienniums stemmed from different areas; some might therefore take longer and require more effort to implement than those for the previous biennium.

38. In addressing the Board's recommendation about making adequate provision for uncollectible contributions receivable, UNICEF conducted a comprehensive review to determine whether the provision was indeed adequate. The review covered all write-offs executed from 2005 to 2008 and the outstanding contributions receivable as at 31 December 2008. At the time of validation, the Administration was initiating an analysis of a revised provision and expected to complete that process by the end of the third quarter of 2009.

39. The Board noted the efforts of UNICEF to carry out an inventory of landholdings and reconcile it with the related asset records. It also noted that UNICEF had surveyed field offices for details of landholdings. Further, an analysis of capital assets would be conducted in the third quarter of 2009 to determine the values to be used in the opening balance sheet once UNICEF implements the International Public Sector Accounting Standards. The Administration was working towards the establishment and communication of measures to improve non-expendable property management in field offices.

40. As regards the Board's recommendations on written evaluations of all suppliers, UNICEF planned to have an agreed performance evaluation and monitoring system in place by June 2009. A new Chief of the Procurement Unit had recently been appointed and work was in progress.

41. It was noted that UNICEF was addressing the recommendations of the Board relating to programme refunds and had included information on such refunds in a monthly report for regular review. Furthermore, a guidance note would be issued to strengthen budget review and monitoring of projects, and programme officers would be reminded to document programmatic monitoring and assurance activities by means of field visits and spot checks.

42. UNICEF explained that revising the reporting calendar for the submission by national committees of their final reports would be considered as part of the longer-term strategy discussion of future business models for the card and gift operations.

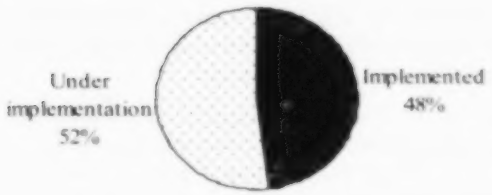
43. With respect to the nine recommendations for the 2004-2005 biennium which were still under implementation, UNICEF indicated that many of those recommendations would be implemented with the roll-out of the single enterprise resource planning system during 2011 and compliance with the International Public Sector Accounting Standards, which was planned for January 2012.

F. United Nations Relief and Works Agency for Palestine Refugees in the Near East

44. Of the 31 recommendations made by the Board with respect to the accounts of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) for the biennium 2006-2007,[7] (for 2004-2005, 34 recommendations), UNRWA had implemented 15 (48 per cent) and 16 (52 per cent) were under implementation, as shown in figure VIII and table 9. These statistics were supplied by the Department of Internal Oversight Services of UNRWA, based on its tracking of the implementation of recommendations, and were validated by the Board, as explained in section I.B above.

[7] Ibid., *Supplement No. 5C* (A/63/5/Add.3), chap. II.

Figure VIII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Relief and Works Agency for Palestine Refugees in the Near East



45. As indicated in table 9, four areas showed evidence of a relatively low implementation rate: financial statement matters; human resources management; information and communications technology; and programme and project management.

Table 9
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statement matters	3	1	33	2	67	—	—	—	—
End-of-service liabilities and after-service health insurance	1	1	100	—	—	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	1	100	—	—	—	—	—	—
Procurement and contract management	5	5	100	—	—	—	—	—	—
Asset management	1	1	100			—	—	—	—
Expendable property	1	—	—	1	100	—	—	—	—
Human resources management	6	2	33	4	67	—	—	—	—
Information and communications technology	7	3	43	4	57	—	—	—	—
Internal audit function	2	1	50	1	50	—	—	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Programme and project management	4	—	—	4	100	—	—	—	—
Total	**31**	**15**	**48**	**16**	**52**	—	—	—	—
2004-2005	34	9	26	17	50	7	21	1	3

46. The Board noted an improvement in the rate of implementation of its recommendations which can be attributed to the progress made in the implementation of the organizational development plan and long-term management reforms.

47. Financial statement matters, human resources management, information and communications technology and programme and project management accounted for 20 of the 31 recommendations; 14 of the 20 were under implementation.

48. In respect of recommendations relating to human resources management, UNRWA informed the Board that it was developing a new staffing and mobility framework for all staff and that a human resources planning system would be piloted with a selected group of staff at the end of the third quarter of 2009. It would then be rolled out for Agency-wide implementation in the course of 2010.

49. In respect of recommendations relating to programme and project management that were under implementation, UNRWA informed the Board that it was in the process of preparing a project procedures manual which would set out roles and responsibilities in regard to project management and that consultations had already been conducted with field offices and departments at headquarters.

50. In respect of recommendations relating to information and communications technology, UNRWA informed the Board that it was in the process of reviewing the disaster recovery policy and that its Management Committee would review on a regular basis the information and communications technology strategic plan. Subsequent to the validation process, UNRWA informed the Board that it had issued an approved information security policy.

G. United Nations Institute for Training and Research

51. Of the 12 recommendations made by the Board with respect to the accounts of the United Nations Institute for Training and Research (UNITAR) for the biennium 2006-2007[8] (for 2004-2005, 21 recommendations), UNITAR had implemented 8 (67 per cent), 2 (17 per cent) were under implementation, 1 (8 per cent) had not been implemented and 1 (8 per cent) was overtaken by events. The status of implementation of the Board's recommendations presented in figure IX and table 10 was validated by the Board, as explained in section I.B above.

[8] Ibid., *Supplement No. 5D* (A/63/5/Add.4), chap. II.

Figure IX
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Institute for Training and Research

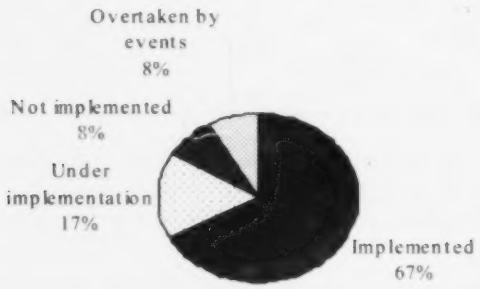


Table 10
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Statement of income and expenditure	1	1	100	—	—	—	—	—	—
Statement of assets, liabilities, reserves and fund balances	1	—	—	—	—	1	100	—	—
Statement of cash flows	1	1	100	—	—	—	—	—	—
Procurement	1	1	100	—	—	—	—	—	—
Asset management	1	1	100	—	—	—	—	—	—
Human resources management	2	1	50	1	50	—	—	—	—
Information and communications technologies	1	—	—	—	—	—	—	1	100
Programme management	3	2	67	1	33	—	—	—	—
Cases of fraud and presumptive fraud	1	1	100	—	—	—	—	—	—
Total	**12**	**8**	**67**	**2**	**17**	**1**	**8**	**1**	**8**
2004-2005	21	1	5	5	24	15	71	—	—

52. The improvement in the rate of implementation compared to the 2004-2005 biennium can be attributed to the strategic reform introduced by UNITAR and management efforts to implement long-outstanding audit recommendations.

53. On the first of the recommendations under implementation, which concerned human resources management, the Administration stated that it was considering the issue during the process of reviewing and updating the service agreement between UNITAR and the United Nations Office at Geneva.

54. On the second recommendation under implementation, concerning cases of fraud and presumptive fraud, the Administration indicated that it had set up an Integrity and Oversight Committee to look into cases of suspected misconduct or breach of integrity or ethical conduct, especially when it relates to fraud and corruption.

55. The Board was informed that UNITAR was in the process of recruiting a dedicated resource to address the programme management matters reported by the Board. The Executive Director had also initiated during 2009 the establishment of a task force with a view to developing a harmonized approach to results-based management, including monitoring.

56. One unimplemented recommendation had not been accepted by UNITAR. The recommendation concerned the disclosure of balances relating to projects funded by donors. The Board continues to consider this to be a valid recommendation. One other unimplemented recommendation related to the implementation of ISO 17799, concerning a code of practice for information security management. The Administration had accepted the recommendation but explained that it did not have sufficient financial or human resources to implement it. In view of the cost implications and non-monetary nature of the matter addressed by the recommendation, the Board considers it to have been overtaken by events.

H. United Nations Environment Programme

57. Of the 11 recommendations made by the Board with respect to the accounts of the United Nations Environment Programme (UNEP) for the biennium 2006-2007[9] (for 2004-2005, 26 recommendations), UNEP had implemented 4 (36 per cent), 5 (46 per cent) were under implementation, 1 (9 per cent) had not been implemented and 1 (9 per cent) was overtaken by events, as shown in figure X and table 11. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

[9] Ibid., *Supplement No. 5F* (A/63/5/Add.6), chap. II.

Figure X
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Environment Programme

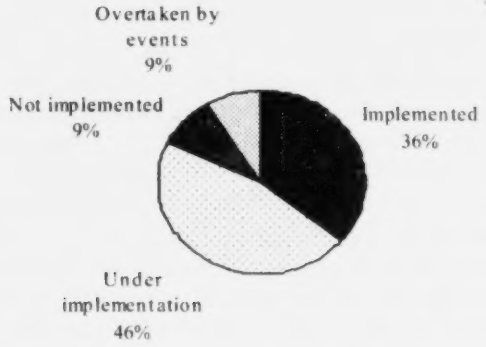


Table 11
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
United Nations system accounting standards	1	—	—	1	100	—	—	—	—
Financial overview	1	—	—	—	—	—	—	1	100
After-service health insurance and other end-of-service liabilities	1	—	—	1	100	—	—	—	—
Information provided with the financial statements	2	1	50	—	—	1	50	—	—
Preparations for the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Financial and accounting functions	1	—	—	1	100	—	—	—	—
Management of contributions	2	2	100	—	—	—	—	—	—
Non-expendable property	1	1	100	—	—	—	—	—	—
Enterprise resource planning system	1	—	—	1	100	—	—	—	—
Total	**11**	**4**	**36**	**5**	**46**	**1**	**9**	**1**	**9**
2004-2005	26	20	77	6	23	—	—	—	—

58. Of the five recommendations under implementation, two showed evidence of limited action. The first concerned the revision of the service agreement with the United Nations Office at Nairobi after the transfer of the financial management section and all of the related extrabudgetary resources to UNEP. The Executive Service Management Board was only at the stage of finalizing the terms of reference for the study that was to be commissioned. The second recommendation concerned the establishment of a working group dedicated to preparing for the implementation of the International Public Sector Accounting Standards and the enterprise resource planning system. Although the initiative belonged to the United Nations Office at Nairobi, no official from UNEP had yet been appointed to participate in the group. The Board considered the recommendation to be under implementation because terms of reference had been drafted and UNEP was starting to work together with the Office.

59. The implementation of two other recommendations depended in part on actions to be taken by the United Nations Secretariat with regard to the United Nations system accounting standards in the area of travel costs, and to the funding of after-service health insurance and other end-of-service liabilities. As regards travel costs, the Board had recommended that the Administration strictly apply the provisions of the administrative instruction which states that travel reimbursement claims should be submitted within two calendar weeks after completion of travel, or seek the revision of said instruction if it proved inappropriate. The Board was informed that the United Nations Office at Nairobi, on behalf of UNEP, was to contact the United Nations Secretariat and request that the administrative instruction be revised. The Board will keep the matter under review in the current audit cycle. As for the funding of after-service health insurance and other end-of-service liabilities, UNEP was awaiting the submission by the Secretary-General to the General Assembly of funding proposals concerning the United Nations portion of the liabilities.

60. The recommendation that had not been implemented related to the information provided in the financial statements. The Board had recommended that all advances made to partners be disclosed in the financial statements on the line dedicated to advances made to implementing partners, and not reported as other receivables. The Board noted that in the unaudited interim financial statements for the 12-month period ended 31 December 2008, such advances were still being incorporated in the total amount of other receivables.

61. The Board considered the recommendation concerning financial overview, which was essentially directed at ensuring monitoring of the level of liquidity on a regular basis, to be overtaken by events because of the decision to implement a new enterprise resource planning system. However, the key indicator recommended by the Board (i.e., level of liquidity) was now being provided on a monthly basis.

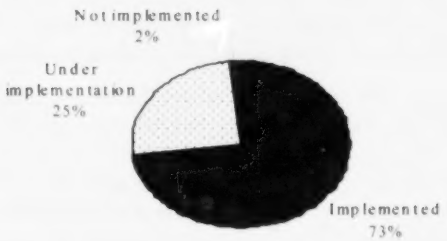
I. United Nations Population Fund

62. Of the 60 recommendations made by the Board with respect to the accounts of the United Nations Population Fund (UNFPA) for the biennium 2006-2007[10] (for 2004-2005, 42 recommendations), UNFPA had implemented 44 (73 per cent), 15 (25 per cent) were under implementation and 1 (2 per cent) had not been

[10] Ibid., *Supplement No. 5G* (A/63/5/Add.7), chap. II.

implemented, as shown in figure XI and table 12. The status of implementation of the Board's recommendations presented below was partially validated by the Board, as explained in section I.B above.

Figure XI
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Population Fund



63. There was a relatively high rate of implementation at UNFPA, however, in one area, human resources management, there was evidence of a relatively low implementation rate, as shown in table 12.

Table 12
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial issues	2	1	50	1	50	—	—
End-of-service liabilities, including after-service health insurance	1	1	100	—	—	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	—	—	1	100	—	—
Results-based management	4	3	75	1	25	—	—
Treasury management	4	4	100	—	—	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented	
		Number	Percentage	Number	Percentage	Number	Percentage
Procurement and contract management at country offices	1	1	100	—	—	—	—
Asset management	3	3	100	—	—	—	—
Expendable property	3	2	67	1	33	—	—
Human resources management	7	3	43	4	57	—	—
Consultants, experts and temporary assistance	3	2	67	1	33	—	—
Information and communications technology	1	—	—	1	100	—	—
Programme and project management, including nationally executed expenditure	11	6	55	5	45	—	—
Transportation and travel management	1	1	100	—	—	—	—
Inter-agency coordination	3	3	100	—	—	—	—
Procurement Services Section, Copenhagen	13	12	92	—	—	1	8
Division of Oversight Services	2	2	100	—	—	—	—
Total	**60**	**44**	**73**	**15**	**25**	**1**	**2**
2004-2005	42	21	50	21	50	—	—

64. The Board welcomed the noticeable improvement in the rate of implementation of recommendations. Despite the higher number of recommendations, UNFPA had recorded a doubling of the number of those implemented.

65. UNFPA indicated that it did not accept the recommendation concerning accounting for third-party procurement,[11] which is classified in table 12 as not implemented. UNFPA explained that it did not act as a procurement agent in third-

[11] Ibid., para. 297.

party procurement transactions but was rather a development partner, and that the procurement of commodities for and on behalf of programme countries was done within the overall implementation of the country programme, the strategic plan and the UNFPA mandate. It further informed the Board that work was under way in the United Nations task force on the International Public Sector Accounting Standards on how to account for income from third-party procurement and that it would adjust its accounting practices in accordance with the recommendations made by the task force, should it be necessary. The Board continues to highlight the relevance of this recommendation.

66. Four of the seven recommendations on human resources management had not been fully implemented. UNFPA informed the Board that processing of leave records, on the Atlas system for staff administered by headquarters had been delayed owing to system development issues as UNDP held back the roll-out of absence processing; however, there had been ongoing discussions on the way forward. Furthermore, UNFPA had decentralized the maintenance of leave records to country offices, the leave-processing module in Atlas was available in country offices and leave monitors and their alternates had been trained in the use of the absence-processing module for locally recruited staff. UNFPA further informed the Board that the tripartite advisory panel on Atlas issues was reviewing the proposal for an automated solution for leave tracking and accrual, and that the Division for Human Resources expected to issue leave administration guidelines by the end of 2009 to coincide with the roll-out of the enhanced version of absence processing in Atlas.

J. United Nations Human Settlements Programme

67. Of the 18 recommendations made by the Board with respect to the accounts of United Nations Human Settlements Programme (UN-Habitat) for the biennium 2006-2007[12] (for 2004-2005, 18 recommendations), UN-Habitat had implemented 7 (39 per cent), 8 (44 per cent) were under implementation, 2 (11 per cent) had not been implemented and 1 (6 per cent) was overtaken by events, as shown in figure XII and table 13. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

[12] Ibid., *Supplement No. 5H* (A/63/5/Add.8), chap. II.

Figure XII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Human Settlements Programme

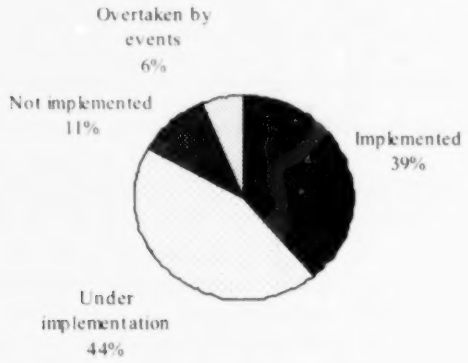


Table 13
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Disclosure in financial statements	2	1	50	—	—	1	50	—	—
Financial overview	1	—	—	1	100	—	—	—	—
End-of-service and post-retirement liabilities	2	1	50	—	—	1	50	—	—
Progress made towards the implementation of the International Public Sector Accounting Standards	1	1	100	—	—	—	—	—	—
Non-expendable property	1	1	100	—	—	—	—	—	—
Human resources management	4	—	—	4	100	—	—	—	—
Consultants and service contracts in the Regional Office for Asia and the Pacific	2	1	50	1	50	—	—	—	—
Enterprise resource planning system	1	—	—	—	—	—	—	1	100
Programme and project management by the Regional Office for Asia and the Pacific	3	2	67	1	33	—	—	—	—

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Internal audit findings	1	—	—	1	100	—	—	—	—
Total	**18**	**7**	**39**	**8**	**44**	**2**	**11**	**1**	**6**
2004-2005	18	14	78	3	17	1	5	—	—

68. Two areas, human resources and project management, showed evidence of a relatively low rate of implementation, as shown in table 13. The percentage of recommendations implemented compared to total recommendations decreased from 78 per cent for the 2004-2005 biennium to 39 per cent for the 2006-2007 biennium.

69. As shown in table 13, the recommendations under implementation, which represented 44 per cent of total recommendations, concerned human resources management, and programme and project management by the Regional Office for Asia and the Pacific. The implementation of those recommendations required sustained efforts by UN-Habitat and coordination with others, such as the Office of Programme Planning, Budget and Accounts at United Nations Headquarters and donors.

70. The Board had recommended in paragraph 18 of its report[13] that UN-Habitat conduct an inventory of expendable items as at the end of the biennium and account for and disclose them pursuant to paragraph 49 (iv) of the United Nations system accounting standards. UN-Habitat disagreed with this recommendation, noting that it was United Nations practice not to disclose expendable items and that it considered its practice to be in line with the aforementioned paragraph.

71. Paragraph 49 (iv) of United Nations system accounting standards, together with appendix III to the standards, indicates that inventories (other than non-expendable equipment, furniture and motor vehicles) and deferred charges are among the categories of assets which must be disclosed in financial statements and listed in descending order of liquidity. Therefore, the Board maintains its position and considers the recommendation as not implemented. The Board is of the view that the value of expendable property as a note to the financial statements will improve transparency, accountability and financial reporting.

72. The forthcoming transition to the new enterprise resource planning system had convinced UN-Habitat not to upgrade the current system so as to reduce the number of manual operations involved in preparing the financial statements. As a consequence, the recommendation of the Board to that effect[14] is considered to be overtaken by events.

[13] Ibid.

[14] Ibid., para. 87.

K. United Nations Office on Drugs and Crime

73. Of the 19 recommendations made by the Board with respect to the accounts of the United Nations Office on Drugs and Crime for the biennium 2006-2007[15] (for 2004-2005, 30 recommendations), the Office had implemented 10 (53 per cent), while 8 (42 per cent) were under implementation and 1 (5 per cent) had not been implemented, as shown in figure XIII and table 14. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure XIII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Office on Drugs and Crime

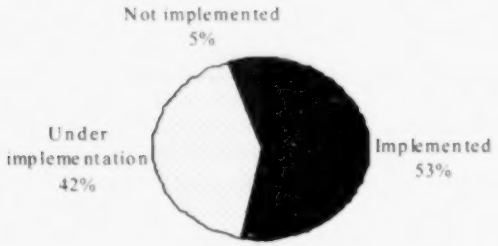


Table 14
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Contributions	1	1	100	—	—	—	—	—	—
Statement of income and expenditure	1	1	100	—	—	—	—	—	—
Budgetary structure	1	—	—	1	100	—	—	—	—
Contributions in kind	1	—	—	1	100	—	—	—	—
Implementing partners	1	—	—	1	100	—	—	—	—
Staff costs	1	—	—	—	—	1	100	—	—
Bank accounts	4	4	100	—	—	—	—	—	—

[15] Ibid., *Supplement No. 5I* (A/63/5/Add.9), chap. II.

Area	Number of recommendations	Implemented		Under implementation		Not implemented		Overtaken by events	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Regional Centre for East Asia and the Pacific	2	2	100	—	—	—	—	—	—
End-of-service and post-retirement liabilities	1	—	—	1	100				
Non-expendable property	3	1	33	2	67	—	—	—	—
Consultants, experts and temporary staff	1	1	100	—	—	—	—	—	—
Enterprise resource planning system	1	—	—	1	100	—	—	—	—
Cases of fraud and presumptive fraud	1	—	—	1	100	—	—	—	—
Total	**19**	**10**	**53**	**8**	**42**	**1**	**5**	—	—
2004-2005	30	19	63	10	33	1	4	—	—

74. More than one third (42 per cent) of the recommendations had not been fully implemented. These concerned the areas of implementing partners, non-expendable property and the enterprise resource planning system. The United Nations Office on Drugs and Crime explained that in order for it to fully implement most of the recommendations it would need to embark on a sustained effort and coordinate with other entities of the United Nations.

75. The Board had recommended that the United Nations Office on Drugs and Crime, in conjunction with the United Nations Office at Vienna, determine the allocation of common staff costs between them and disclose the assumptions made for that allocation.[16] The United Nations Office on Drugs and Crime disagreed with the recommendation because it considered it and the United Nations Office at Vienna to be integrated entities.

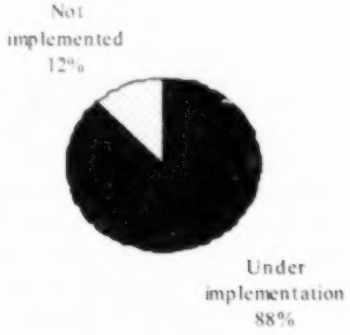
76. In spite of the integrated character of both Offices on the operational plan and with a concern for clarity of costs and management charges, the Board considered that insofar as the Division for Management of the United Nations Office on Drugs and Crime has common services with the Division for Management of the United Nations Office at Vienna, and given that the United Nations Office at Vienna also has a budget intended for support services (section 28F of the programme budget), the staff costs of the United Nations Office on Drugs and Crime should be shared between the entities according to the allocation ratios of common staff costs, which would be determined beforehand on the basis of a cost-accounting system duly established by the United Nations Office on Drugs and Crime. The Board will keep this matter under review in the current audit cycle.

[16] Ibid., para. 49.

L. International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

77. Of the eight recommendations made by the Board with respect to the accounts of the International Criminal Tribunal for Rwanda for the biennium 2006-2007[17] (for 2004-2005, 33 recommendations), seven (88 per cent) were under implementation, while one (12 per cent) had not been implemented, as shown in figure XIV and table 15. The status of implementation of the Board's recommendations presented below could not be validated by the Board since the Tribunal did not submit the supporting documents at the time of audit. The explanations of the Tribunal are, however, noted below. The Board is concerned that the recommendations could not be validated, especially in the light of the low rate of implementation.

Figure XIV
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: International Criminal Tribunal for Rwanda



[17] Ibid., *Supplement No. 5K* (A/63/5/Add.11), chap. II.

Table 15
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Statements of cash flows	1	—	—	—	—	1	100
End-of-service liabilities, including after-service health insurance	1	—	—	1	100	—	—
Results-based budgeting	1	—	—	1	100	—	—
Procurement management	1	—	—	1	100	—	—
Human resources management	2	—	—	2	100	—	—
Programme and project management	2	—	—	2	100	—	—
Total	**8**	—	—	7	**88**	**1**	**12**
2004-2005	33	25	76	8	24	—	—

78. The unimplemented recommendation related to the disclosure in the statement of cash flows of the share in the cash pool. This recommendation was not accepted by the Tribunal; however the Board continues to maintain it.

79. In respect of the Board's recommendation concerning provision for end-of-service liabilities, the Tribunal indicated that appropriate action would be taken on the basis of decisions made by the General Assembly. As regards the Board's recommendation relating to clearly defining the objectives of Chambers and developing specific, measurable, attainable, realistic and time-bound indicators and outputs, the Tribunal indicated that it was in the process of addressing the matter. With regard to the Board's recommendation on procurement management, the Tribunal indicated that the review of all vendors registered was ongoing and a long process owing to the number of vendors involved. For the Board's recommendations on human resources management, the Tribunal indicated that measures had been taken to ensure that all staff performance evaluation reports were prepared. In addition, efforts had been made by the Tribunal to fill vacancies and reduce vacancy rates. In respect of the Board's recommendations on programme management, the Tribunal indicated that it was reviewing its targets and objectives and its performance indicators to ensure that the targets for accomplishments were not too high in view of the prevailing constraints.

M. International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

80. Of the seven recommendations made by the Board with respect to the accounts of the International Tribunal for the Former Yugoslavia for the biennium 2006-

2007[18] (for 2004-2005, 11 recommendations), the Tribunal had implemented two (29 per cent), three (43 per cent) were under implementation, one (14 per cent) had not been implemented and one (14 per cent) was overtaken by events, as shown in figure XV and table 16. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure XV
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: International Tribunal for the Former Yugoslavia

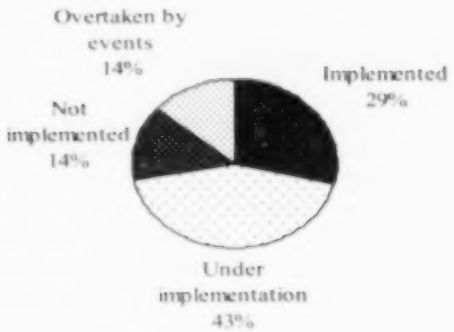


Table 16
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Statement of assets, liabilities, reserves and fund balances	4	1	25	1	25	—	—	2	50
Statement of cash flows	1	—	—	—	—	1	100	—	—
Human resources management	1	1	100	—	—	—	—	—	—
Programme and project management	1	—	—	1	100	—	—	—	—
Total	**7**	**2**	**29**	**3**	**43**	**1**	**14**	**1**	**14**
2004-2005	11	5	45	5	45	—	—	1	10

81. Two recommendations remained under implementation. For one, the target date for its full implementation had been revised to the third quarter of 2009, and for

[18] [illegible] *Supplement No. 5L* (A/63/5/Add.12), chap. II.

the other, the Tribunal had prepared a draft policy for review by the Defence Counsel, which it anticipated would be in effect by the end of the second quarter of 2009.

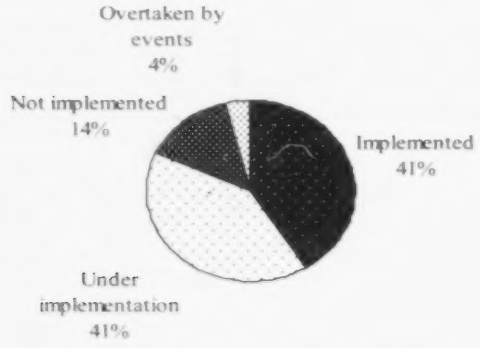
82. The recommendation that had not been implemented related to the presentation of the cash pool as part of investing activities in the statement of cash flow. The Board and the Tribunal continue to discuss how to implement this recommendation at the end of the biennium when the financial statements are next submitted.

83. With regard to the two recommendations that were overtaken by events, the Tribunal indicated that the recommendation relating to provision for delays in the collection of outstanding contributions fell under the purview of the General Assembly and the Tribunal was not therefore in a position to implement it.

N. United Nations Joint Staff Pension Fund

84. Of the 27 recommendations made by the Board with respect to the accounts of the United Nations Joint Staff Pension Fund for the biennium 2006-2007[19] (for 2004-2005, 21 recommendations), the Fund had implemented 11 (41 per cent), 11 (41 per cent) were under implementation, 4 (14 per cent) had not been implemented and 1 (4 per cent) was overtaken by events, as shown in figure XVI and table 17. The status of implementation of the Board's recommendations presented below was validated by the Board, as explained in section I.B above.

Figure XVI
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Joint Staff Pension Fund



[19] Ibid., *Supplement No. 9* (A/63/9), annex IX.

85. As indicated in table 17, three areas showed evidence of a relatively low rate of implementation: financial statement matters; human resources management; and pension fund administration.

Table 17
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Area	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statement matters	6	2	33	3	50	1	17	—	—
Investment management	1	—	—	1	100	—	—	—	—
End-of-service liabilities, including after-service health insurance	1	—	—	1	100	—	—	—	—
Progress made towards the implementation of Institute for International Public Sector Accounting Standards	1	—	—	1	100	—	—	—	—
Asset management	1	—	—	1	100	—	—	—	—
Human resources management	2	—	—	2	100	—	—	—	—
Consultants, experts and temporary assistance	3	2	67	1	33	—	—	—	—
Pension Fund administration	2	—	—	—	—	2	100	—	—
Payment of benefits	7	5	72	—	—	1	14	1	14
Internal audit function	3	2	67	1	33	—	—	—	—
Total	**27**	**11**	**41**	**11**	**41**	**4**	**14**	**1**	**4**
2004-2005	21	9	43	11	52	—	—	—	—

86. Financial statement matters and payment of benefits were of particular concern, as those areas accounted for 13 of the 27 recommendations made by the Board.

87. The recommendation which was not implemented, relating to financial statement matters, concerned the development of a tool for ageing the payables balances. The Fund informed the Board that the Lawson accounting system automatically supported clearing of payables upon execution of payments. There were, however, some exceptions relating to accounts payable in local currencies which could not be paid in their original format, and those exceptions were processed manually. The Fund also informed the Board that the implementation of the required additional accounts payable controls was not possible in 2008 since its resources were devoted to the implementation of Lawson version 9 and that a specific project would be planned.

88. Three of the other recommendations that had not been implemented related to the reconciliation of contributions from member organizations. The Fund informed the Board that it had come to the conclusion that the only way to reconcile contributions on a real-time basis was under a system that would invoice

organizations for their contributions each month, which would require major changes to current procedures and systems. It would also require the Fund to have direct access to a member organization's human resources and payroll information. The Fund also informed the Board that it had taken preliminary steps to develop prototypes of the systems, structures and procedures required to implement an invoicing system.

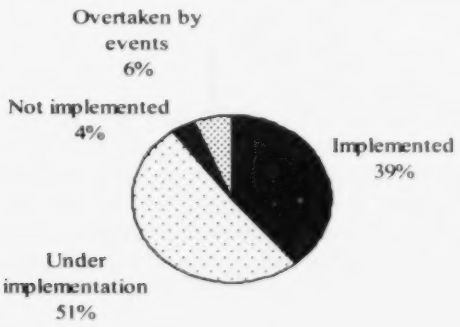
89. With regard to the recommendation relating to end-of-service liabilities, the Fund explained that it had contracted an independent consultant to provide it with an assessment of its after-service health insurance liability which was estimated at $27.5 million (unaudited) as at 31 December 2008.

90. The one recommendation that was overtaken by events related to verification of the continuing eligibility of children for the child benefit. The recommendation had been superseded by the decision of the General Assembly, in resolution 63/252, to approve deletion of the provision that a child must remain unmarried to be entitled to the benefit provided under article 36 of the Regulations of the Fund.

O. United Nations Office for Project Services

91. Of the 95 recommendations made by the Board with respect to the accounts of the United Nations Office for Project Services (UNOPS) for the biennium 2006-2007,[20] (for 2004-2005, 43 recommendations), UNOPS had implemented 37 (39 per cent), 48 (51 per cent) were under implementation, 4 (4 per cent) had not been implemented and 6 (6 per cent) were overtaken by events, as shown in figure XVII and table 18. The status of implementation of the Board's recommendations presented below was partially validated by the Board, as explained in section I.B above.

Figure XVII
Overall status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007: United Nations Office for Project Services



[20] Ibid., *Supplement No. 5J* (A/63/5/Add.10), chap. II.

92. As indicated in table 18, six areas showed evidence of a relatively low rate of implementation: financial statement matters; inter-fund balances; treasury management, including imprest accounts; procurement and contract management, asset management; and inter-agency coordination. While some recommendations in these areas have been implemented, many others continue to be addressed and are thus considered to be under implementation.

Table 18
Status of implementation of the recommendations of the Board of Auditors for the biennium 2006-2007, by thrust area

Areas	*Number of recommendations*	*Implemented*		*Under implementation*		*Not implemented*		*Overtaken by events*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
Financial statement matters	17	6	35	9	53	2	12	—	—
Inter-fund balances	6	—	—	6	100	—	—	—	—
End-of-service liabilities, including after-service health insurance	2	2	100	—	—	—	—	—	—
Financial statement disclosures	2	1	50	1	50	—	—	—	—
Progress made towards the implementation of the Institute for International Public Sector Accounting Standards	1	1	100	—	—	—	—	—	—
Treasury management, including imprest accounts	10	1	10	7	70	—	—	2	20
Procurement and contract management	8	2	25	6	75	—	—	—	—
Asset management	16	7	44	6	38	2	12	1	6
Human resources management	7	5	72	1	14	—	—	1	14
Enterprise resource planning system	1	1	100	—	—	—	—	—	—
Programme and project management	18	8	44	8	44	—	—	2	12
Inter-agency coordination	2	—	—	2	100	—	—	—	—
Internal audit function	5	3	60	2	40	—	—	—	—
Total	**95**	**37**	**39**	**48**	**51**	**4**	**4**	**6**	**6**

93. The status of implementation of the Boards' recommendation relating to UNOPS was not included in the report for the 2004-2005 biennium as a result of the late submission of financial statements and consequent late completion of the audit for that biennium.

94. During the biennium 2006-2007, UNOPS was in the process of revising its strategy which it planned to complete by December 2009. The Board issued 95 recommendations during the same biennium, a substantial increase over the 43 recommendations made for the biennium 2004-2005, which underlines the need for sustained and diligent attention by UNOPS to all audit matters. Furthermore, UNOPS has experienced during recent bienniums significant management and operational difficulties. Certain recommendations of the Board are wide in scope, and may need more than one period to be implemented fully.

95. Of the 95 recommendations, 6 were overtaken by events as they related to the Middle East Office which was subsequently closed in February 2009. These recommendations should nevertheless be kept in mind at all regional offices.

96. Financial statement matters, treasury management, asset management, and programme and project management were areas of particular concern, as they accounted for the majority of recommendations many of which are still under implementation. Also, financial statement matters will only be validated when the biennial financial statements are next presented.

97. The four recommendations which were not implemented relate to financial statement matters and asset management. With regard to financial statement matters, UNOPS informed the Board that it was planning to close its books on a quarterly basis and the recommendations that were not implemented would be addressed once the practice was adopted.

IV. Acknowledgement

98. The Board wishes to express its appreciation to the United Nations organizations and their staff for the cooperation and assistance they provided to the Board's teams in the course of preparation of the present report.

(*Signed*) Terence **Nombembe**
Auditor-General of the Republic of South Africa
Chairman, United Nations Board of Auditors

(*Signed*) Philippe **Séguin**
First President of the Court of Accounts of France

(*Signed*) **Liu** Jiayi
Auditor-General of the People's Republic of China

10 July 2009

Appendix

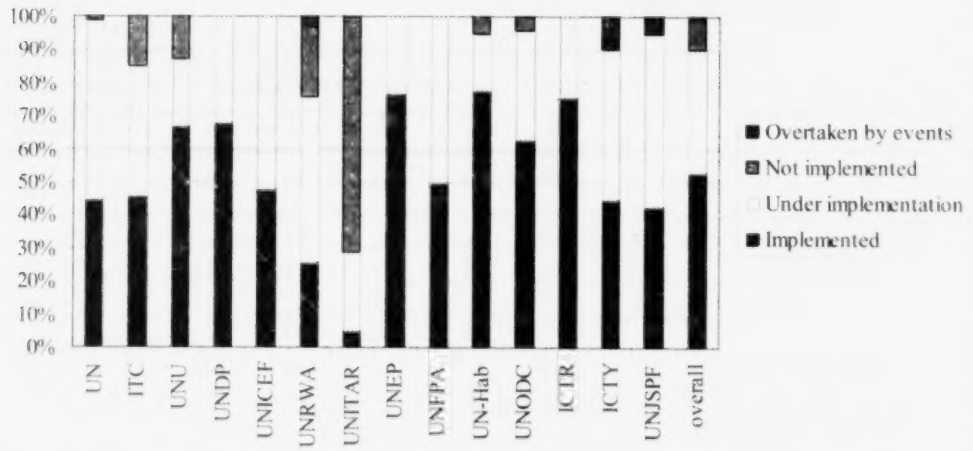
Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 as at 31 March 2007

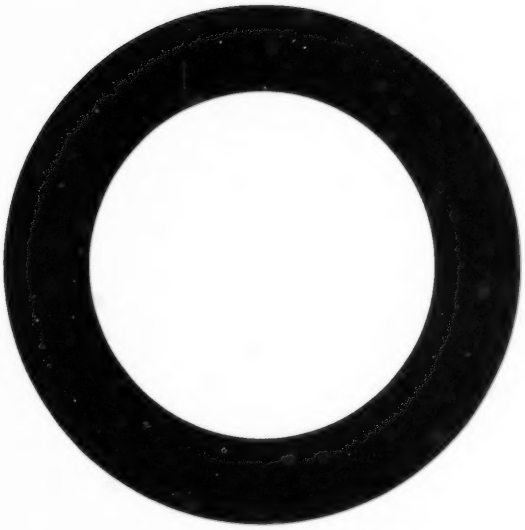
Organization	*Number of recommendations, 2004-2005*	*Implemented*		*Under implementation*		*Overtaken by events*		*Not implemented*	
		Number	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*	*Number*	*Percentage*
United Nations	176	79	45	95	54	2	1	—	—
International Trade Centre UNCTAD/WTO	13	6	46	5	39	—	—	2	15
United Nations University	15	10	67	3	20	—	—	2	13
United Nations Development Programme	115	78	68	37	32	—	—	—	—
United Nations Children's Fund	96	46	48	50	52	—	—	—	—
United Nations Relief and Works Agency for Palestine Refugees in the Near East	34	9	26	17	50	1	3	7	21
United Nations Institute for Training and Research	21	1	5	5	24	—	—	15	71
United Nations Environment Programme	26	20	77	6	23	—	—	—	—
United Nations Population Fund	42	21	50	21	50	—	—	—	—
United Nations Human Settlements Programme	18	14	78	3	17	—	—	1	5
United Nations Office on Drugs and Crime	30	19	63	10	33	—	—	1	4
International Criminal Tribunal for Rwanda	33	25	76	8	24	—	—	—	—
International Tribunal for the Former Yugoslavia	11	5	45	5	45	1	10	—	—
United Nations Joint Staff Pension Fund	21	9	43	11	52	1	5	—	—
Total	**651**	**342**	**52**	**276**	**43**	**5**	**1**	**28**	**4**
2002-2003 (percentage)[a]	509	235	46	230	45	—	—	44	9

Source: Reports of the Board on the implementation of its recommendations relating to the bienniums 2002-2003 and 2004-2005 (see A/60/113 and A/62/120, respectively).

[a] This line shows the status of implementation of the recommendations contained in the Board's reports for the biennium 2002-2003 as at 31 May 2005 and provides an indication of the relative pace of implementation of the Board's recommendations over two successive bienniums.

Status of implementation of the recommendations of the Board of Auditors for the biennium 2004-2005 as at 31 March 2007, by entity





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General Assembly

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Sixty-fourth session
Item 103 of the preliminary list*
Crime prevention and criminal justice

Crime prevention and criminal justice

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly, pursuant to Assembly resolution 60/175, the report of the Conference of the Parties to the United Nations Convention against Transnational Organized Crime on its fourth session, held in Vienna from 8 to 17 October 2008 (CTOC/COP/2008/19).

* A/64/50.

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